

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7260

BILL NUMBER: SB 271

NOTE PREPARED: Jan 1, 2004

BILL AMENDED:

SUBJECT: Insurer Interest in Repair Facilities.

FIRST AUTHOR: Sen. Weatherwax

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill specifies requirements for certain insurer relationships with motor vehicle repair facilities. The bill makes a violation of the requirements an unfair and deceptive act or practice in the business of insurance.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill provides that a person who violates the provisions pertaining to an insurer's interest in motor vehicle repair facilities commits an unfair and deceptive act or practice in the business of insurance. Individuals suspected of violating the prohibition on unfair and deceptive acts or practices may be subject to a hearing by the Commissioner of Insurance. Adding a prohibition will increase the number of violations for which a hearing may ensue. However, the Department of Insurance (DOI) should be able to handle any additional expenses given its current budget and resources.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: DOI.

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